



State Employee Retirement Incentive Program (SERIP) Overview

The State Employee Retirement Incentive Program (SERIP) offers state employees, who are eligible to retire, financial and state-sponsored health insurance incentives to separate from state employment by June 24, 2010.

Eligibility

State of Iowa employees eligible for SERIP are:

- Permanent full-time or permanent part-time benefit-eligible employees.
- Executive branch employees covered by AFSCME.
- Executive branch employees covered by UE/IUP.
- Executive branch non-contract employees.
- Community-Based Corrections employees.
- Board of Regents Central Office employees (if the Board of Regents chooses to participate).
- Employees in offices of statewide elected officials.
- Legislative Branch Employees.

The program does not include:

- Elected officials.
- Board of Regents' institution employees.
- Executive branch employees covered by SPOC or the SPOC Sick Leave Trust Fund.

In addition to being in an eligible class of employees listed above, you must:

- Be 55 years of age as of July 31, 2010.
- Submit an application for IPERS monthly benefits no later than the date you separate employment with the State. If you rescind your retirement and do not receive a pension benefit, you will not be considered to have taken retirement and will not be eligible for this program.
- Submit a SERIP application by April 15, 2010.

The Judicial Branch is not participating in SERIP.

Benefits Overview

SERIP is a two-part program to incent eligible state employees to retire.

- A financial incentive based on IPERS-covered years of service with the State of Iowa. To be eligible for the incentive, you must have a minimum of ten (10) years of IPERS-covered service with the State of Iowa. You will be paid \$1,000 for each year of state service, beginning with ten (10) years of service (\$10,000) up to twenty-five (25) years of state service (\$25,000). The incentive plus your unused vacation balance at retirement is paid out over five (5) years.
- Financial contributions toward a state-sponsored health insurance plan up to five (5) years.

You don't need to have ten (10) years of IPERS-covered service with the State to be eligible for SERIP. If you meet all the eligibility requirements but have less than ten (10) years of IPERS-covered service with State, you are **not** eligible for the financial incentive but you are eligible for the contributions to your state-sponsored health insurance.

State Employee Retirement Incentive Program (SERIP) Matrix

Financial Package				Health Insurance Contributions	
	Sick Leave Payout <i>Up to \$2,000 of your unused sick leave balance</i>	Unused Vacation Balance	Years of Service Incentive <i>An incentive of \$1,000 for every full year of IPERS-covered state service completed as of your separation date with a minimum of ten (10) years of service and a maximum of twenty-five (25) years of service.</i>	SLIP <i>Sick leave balance at retirement used to pay the state share of the health insurance premium until the account is exhausted or Medicare-eligibility</i>	SERIP <i>Contributions to a state-sponsored health insurance plan up to five (5) years.</i>
If you are less than 65 years of age and:				<i>You will receive up to five (5) years of health insurance contributions either through SLIP, SERIP or a combination of both programs.</i>	
10 or more years of service with the State of Iowa.	Paid on your last pay check.	Level annual payouts over 5 years (2010 – 2014).	Paid up to \$25,000. Level annual payouts over 5 years (2010 – 2014).	Use your SLIP account until exhausted, you become Medicare-eligible, or die.	If your SLIP account exhausts or you become Medicare-eligible within 5 years of retirement, SERIP contributions for the remainder of 5 years (including the time that SLIP was used).
Less than 10 years of service with the State of Iowa.	Paid on your last pay check.	Level annual payouts over 5 years (2010 – 2014).	Not eligible for the incentive.	Use your SLIP account until exhausted, you become Medicare-eligible, or die.	If your SLIP account exhausts or you become Medicare-eligible within 5 years of retirement, SERIP contributions for the remainder of 5 years (including the time that SLIP was used).
If you are 65 years of age or greater and:					
10 or more years of service with the State of Iowa.	Paid on your last pay check.	Level annual payouts over 5 years (2010 – 2014).	Paid up to \$25,000. Level annual payouts over 5 years (2010 – 2014).	Not eligible for SLIP.	5 years of SERIP contributions.
Less than 10 years of service with the State of Iowa.	Paid on your last pay check.	Level annual payouts over 5 years (2010 – 2014).	Not eligible for the incentive.	Not eligible for SLIP.	5 years of SERIP contributions.

Retirement

To be eligible for this program, you must submit an application for IPERS monthly benefits no later than the date you separate employment with the State. You can purchase service to increase the amount of your IPERS benefits or allow you to retire earlier. Contact IPERS at 515-281-0020, 1-800-622-3849 or at IPERS' website (<http://www.ipers.org>) for more information about retirement benefits.

Financial Package

You will receive the following financial incentive payments as part of SERIP.

- A payout of up to \$2,000 from your unused sick leave balance. This payment will be made on your last pay check and subject to federal, state and FICA taxes. You may make an election of the sick leave payment to your deferred compensation account. (The IRS maximum contribution limits apply; contact the Retirement Investors Club staff at 1-866-460-4692 for more information.)
- An equal payment (20%) for a total of **five (5) years** (2010 – 2014) of the following:
 1. Your unused vacation balance at retirement.

Plus

2. A financial incentive of \$1,000 for every full year of IPERS-covered state service that you completed as of your separation of employment from the State beginning with a minimum of ten (10) full years of state service and a maximum of twenty-five (25) years of state service. You can have more than twenty-five (25) years of state service, but you can only be paid for up to twenty-five (25) years.

Financial Incentive		
Full Years of Service	Severance Pay Plus your unused vacation balance at retirement.	Level Payout per Year In addition to the level financial payments, 1/5 of your unused vacation balance at retirement is also included in the payout per year.
10 years	\$10,000	\$2,000
11 years	\$11,000	\$2,200
12 years	\$12,000	\$2,400
13 years	\$13,000	\$2,600
14 years	\$14,000	\$2,800
15 years	\$15,000	\$3,000
16 years	\$16,000	\$3,200
17 years	\$17,000	\$3,400
18 years	\$18,000	\$3,600
19 years	\$19,000	\$3,800
20 years	\$20,000	\$4,000
21 years	\$21,000	\$4,200
22 years	\$22,000	\$4,400
24 years	\$24,000	\$4,800
25 years	\$25,000	\$5,000

Note: If you are not eligible for the financial incentive due to not having the minimum number of ten (10) years of IPERS-covered state service, your unused vacation balance at retirement will still be paid over five (5) years.

Financial Incentive Example

An employee is 65 years of age and has twenty (20) full years of IPERS-covered state service as of his or her separation date from state employment. In addition, the dollar value of the employee's unused vacation balance at retirement is \$3,000.

The employee is eligible for a financial incentive totaling **\$23,000** (20 years of service at \$1,000 per year plus the unused vacation balance at retirement of \$3,000.) The individual will receive a level payout of **\$4,600** for five (5) years (\$23,000/5).

The first payment will commence in September 2010 and will be paid annually in September of 2011, 2012, 2013 and 2014. For the payment made in September 2010 **only**, you may make an election of the financial incentive into your deferred compensation account. (For more information about the election to your deferred compensation account, contact the Retirement Investors Club staff at 1-866-460-4692.)

Taxation of the Financial Incentive

The financial incentive payments are subject to federal, state and FICA taxes. Each year, you will receive a W2 from the State for the financial incentive paid in that tax year.

In the Event of Your Death

In the event of your death before the five (5) payouts are made, the remaining payment(s) will be made to your beneficiary. Payments made to your beneficiary are also subject to taxation.

Health Insurance Contributions

In addition to the financial incentive, you will receive a **minimum of five (5) years** of state contributions toward the premiums of a state-sponsored health insurance plan either through the Sick Leave Insurance Program (SLIP), SERIP or a combination of both programs.

The state health insurance contributions are comprised of the following:

1. **SLIP:** SLIP takes your unused sick leave balance, using the factor of 60, 80 or 100 percent depending upon your sick leave at retirement (minus the \$2,000 cash payout with your final paycheck), and uses that balance to pay the state share of the health insurance you select and you pay the active employee premium. SLIP continues to pay the state share of the health insurance premium until the account is exhausted or you become eligible for Medicare (in most cases, age 65).

You may continue to use funds from your SLIP account to pay the state share of the health insurance premium for longer than five (5) years if your account is sufficient and you remain eligible for SLIP (not Medicare-eligible). If you are able to utilize your SLIP account for five (5) or more years, you will not be eligible for any additional state contributions.

More information on SLIP is available at the DAS Benefits website - http://benefits.iowa.gov/retirees_slip.html.

2. **SERIP:** The State will contribute to the cost of a state-sponsored health insurance plan up to five (5) years. This contribution goes into effect if your SLIP account is not sufficient to pay the State's share of the premiums for five (5) years or you are not eligible for SLIP due to being Medicare-eligible. The time that you use SLIP is counted towards the five (5) years.

You can continue to participate in SERIP even when you become Medicare-eligible (in most cases, age 65) as long as you have not received a total of five years of state contributions toward health insurance.

Depending upon the coverage level you elect, the state health insurance contribution is the **Blue Access** in effect each year for the 5 years you participate in the program starting upon your termination date. If the health plan you select includes someone who is Medicare-eligible, the state share is the **Blue Access with SilverScript** premiums.

NOTE: Under SERIP, you can select any health insurance plan and coverage level. The State will contribute toward the premium of either the Blue Access single or family premium and you will pay the difference. Also, if you are Medicare-eligible and you elect SilverScript, you are responsible for the SilverScript premium. However under SLIP, your sick leave balance will fund any state-sponsored plan until your balance runs out or you become eligible for Medicare.

Health Insurance Contribution Examples

Example 1: A retiree is **55** years of age and has a SLIP account sufficient to pay the state share of his/her health insurance plan for seven (**7**) years. Because the retiree's SLIP account is sufficient to pay the state share of the premium for more than five (5) years, the retiree does not receive any additional state contributions toward health insurance. When the retiree's SLIP account is exhausted at age 62, the retiree is able to continue health insurance in the State's retiree health insurance group with no additional contribution from the State.

Example 2: A retiree is **60** years of age and has a SLIP account sufficient to pay the state share of his/her health insurance plan for four (**4**) years. The SLIP account is used to pay the state share of the health insurance premium for four (4) years. Because the retiree's SLIP account does not provide five (5) years of assistance, the retiree receives an additional year of SERIP contributions. The retiree receives five (5) years of state contributions: four (4) years of SLIP and one (1) year of SERIP. After the contributions cease, the retiree is able to continue health insurance in the State's retiree health insurance group with no additional contribution from the State.

Example 3: A retiree is **63** years of age and has a SLIP account sufficient to pay the state share of his/her health insurance plan for three (3) years. The SLIP account is used to pay the state share of the health insurance premium for two (2) years until the retiree is eligible for Medicare at age 65. Because the retiree's SLIP account does not provide five (5) years of state contributions, the retiree receives an additional three (3) years of SERIP contributions. The retiree receives five (5) years of state contributions: two (2) years of SLIP and three (3) years of SERIP. After the contributions cease, the retiree is able to continue health insurance in the State's retiree health insurance group with no additional contribution from the State.

Example 4: A retiree is **65** years of age and is not eligible for SLIP due to being eligible for Medicare. The retiree receives five (5) years of SERIP contributions to assist in the payment of a health insurance premium. After the contributions cease, the retiree is able to continue health insurance in the State's retiree health insurance group with no additional contribution from the State.

Example 5: A retiree is **62** years of age and has a SLIP account sufficient to pay the state share of his/her health insurance plan for five (5) years. The retiree's spouse is covered under the retiree's state-sponsored health insurance. The retiree dies at age 64. The retiree's SLIP account is used to pay the state share of the health insurance premium for the two (2) years before the retiree dies. Because the retiree did not receive five (5) years of health insurance contributions, the surviving spouse is eligible to receive three (3) years of SERIP contributions. The surviving spouse is not eligible to use the retiree's SLIP account. After the contributions cease, the surviving spouse is able to continue health insurance in the state's retiree health insurance group with no additional contribution from the State.

Health Plans Available to Retirees

As a retiree, you have the same health plans available as active employees. For 2010, the following health plans are available.

- Blue Access
- Blue Advantage
- Gold Preferred (available April 1, 2010)
- Iowa Select
- Program 3 Plus
- Deductible 3 Plus

At the time of retirement, you may choose to continue in the same health plan in which you are enrolled, select a plan with a **lower total premium** than your current plan or select Gold Preferred.

Your health plan choice remains in effect until the annual enrollment and change period. The only way to make a plan change prior to the enrollment and change period would be if you experience a qualified life event and that event allows a plan change. You will **not** be allowed to change your health plan during the year if the State's contributions to your health insurance plan change from SLIP to SERIP.

Enrollment and Change Period

As a retiree, you have an annual enrollment and change period similar to active employees. During the enrollment and change period, you can change your health plan to a plan with either a higher or lower total premium or coverage level (single or family). More information about the annual enrollment and change period for retirees can be found at the DAS Continuing Benefits at Retirement Benefits website - http://benefits.iowa.gov/retirees_continuing_benefits.html.

In the Event of your Death

If your spouse is covered under your state health insurance plan at the time of your death, he or she can continue health coverage for his or her lifetime. In the event of your death within five (5) years of your retirement, your spouse will receive the **remaining** years of SERIP health insurance contributions. See Example 5 above. (NOTE: Your SLIP account cannot be used by your spouse.)

Double Spouse

If you and your spouse are both state employees and have elected double spouse family coverage, the double spouse option is only available when both you and your spouse are active employees. If one of you retires, the double spouse option is not available.

Continuation in the State's Retiree Health Insurance

After the state subsidy ends (SLIP or SERIP), you are eligible to continue health insurance coverage in the State's retiree health insurance group with no additional contribution from the State.

Dental Insurance

You can continue dental insurance as a retiree but neither SLIP nor SERIP can be used to pay the dental insurance premium. You pay 100 percent of the premium.

Continuing Benefits at Retirement

The State's policies and procedures regarding continuing benefits upon retirement apply. More information on continuing benefits at retirement is available at the DAS Benefits website - http://benefits.iowa.gov/retirees_continuing_benefits.html.

Cancellation of Insurance Coverage

You can cancel health and dental insurance coverage at any time. **If you drop the State of Iowa health and/or dental coverage, there is no provision for rejoining the group at a later date.**

Time Frame for Applying for the Program

If you are eligible and want to take advantage of this program, you must apply for SERIP before **April 15, 2010**.

The Department of Administrative Services will review your eligibility for the program and approve your application. Once your application has been approved, you may leave state employment any time after providing the appropriate notice to your department, but you must separate from state employment no later than **June 24, 2010**. A component of SERIP is that you agree to waive all rights to file a suit against the State of Iowa based on claims arising out of your employment with the State of Iowa.

Reemployment with the State

A component of SERIP is that you will never apply for or accept future employment with the State of Iowa as a permanent employee, temporary employee, consultant or independent contractor, except as an elected official or as an appointee to a state board or commission.

Additional Information

Additional information about SERIP plus the application can be found at the DAS Benefits website <http://benefits.iowa.gov/serip.html>.